

**Before the
Federal Communications Commission
Washington, DC**

In the Matter of)	
)	
Request for Review of the Decision of the)	
Universal Service Administrator by)	
)	
Wahluke County School District # 73)	File No. SLD-632384
Mattawa, Washington)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	

REQUEST FOR REVIEW OR WAIVER

Wahluke County School District (“District”), by its representative, hereby requests that the Commission review and reverse the two Decisions on Appeal of the Universal Service Administrator (“USAC”) in the above referenced matter dated November 12, 2009 (Exhibit A). USAC’s decision adversely affects the funding to which the District is entitled under the following funding request numbers (“FRNs”): 1748092, 1747650, 1748029, 1752278, 1748060, 1758284, 1748044, and 1748084.

In its Decisions on Appeal, USAC upheld its previous decisions not to pay FCC Form 474 invoices for internal connections because, USAC claimed, the service provider had delivered them after the funding year had ended. According to USAC, the service delivery deadline for this internal connections project was June 30, 2009.¹

It is well established that the service delivery deadline for internal connections ends on the September 30th following the end of the funding year. Originally, the deadline had been June 30th, but the Commission decided that schools and libraries needed more time to complete their internal connections projects. USAC does not

¹ We know of one other matter currently pending before the Commission that involves the exact same issue and virtually identical facts. See Request for Review of Centralia (Washington) School District, CC Docket No. 02-6, filed October 14, 2009.

dispute that the invoices in issue are for internal connections work completed before September 30, 2009, the internal connections service delivery deadline. Therefore, the District requests that the Commission remand this matter to USAC with instructions to process and pay the service provider's invoices or to reimburse the District for the same amount, whichever method is appropriate at that time. Alternatively, the District requests that the Commission reach the same result by waiving its rules, as the facts and the public interest clearly warrant it.

ISSUE OVERVIEW

The following facts are undisputed: (a) the service provider, Ednetics, Inc ("Service Provider") delivered, installed and configured eligible networking equipment at eligible locations between June 30, 2009 and September 30, 2009; and (b) USAC refused to pay any invoices for internal connections delivered after June 30, 2009. Why USAC refused to pay the invoices is not entirely clear. However, based on what we have been able to piece together from USAC's original line item invoice rejections, decisions on appeal and informal discussions with USAC staff, we are fairly certain that USAC refused to pay the invoices on the grounds that they were for monthly recurring (internal connections) services delivered after the June 30th delivery deadline for recurring services.²

The FRNs in issue here are for internal connections. The Commission classifies internal connections as non-recurring services -- because that is precisely what they are.³ For Funding Year 2008, the service delivery deadline for internal connections was September 30, 2009.

² See n.6, *infra*, for a fuller discussion of what we believe USAC decided and why.

³ "Non-recurring services must be delivered and installed between July 1 of the relevant funding year and September 30, following the June 30 close of that funding year (i.e. 15 months after the beginning of the funding year.); <http://www.usac.org/sl/applicants/step11/service-deadlines-extension-requests.aspx>

The issue, therefore, is whether USAC erred by refusing to pay the Service Provider's invoices for the internal connections it delivered to the District on or before September 30th. We contend that it did.

FACTS

Briefly, the relevant facts are these. (*See also* Exhibit B, District's Letter of Appeal to the Administrator). The District amortized its internal connections funding requests on its Form 471 by mistake. Instead of selecting the one-time payment option for internal connections, as it should have done and is the norm, the District mistakenly divided up the one-time payment amount into twelve, equal monthly payments.⁴ It was not until USAC started rejecting the Service Provider's invoices that the District discovered that it had made this mistake.

USAC subjected the District's internal connections funding requests to two levels of administrative scrutiny -- first to a Program Integrity Assurance review and then to a Selective Review. During this extended review process, USAC examined complete price quotes prepared by the Service Provider. *See* Exhibit B (Letters of Appeal/Exhibit 2 – District's Item 21 documentation). Those quotes showed one-time, line item pricing for everything. Nothing in them suggested that making recurring payments was even an option.

There was an obvious discrepancy, therefore, between Block 5 of the District's Form 471 application, where it had mistakenly divided up its projected one-time payments to the Service Provider into twelve monthly amounts, and the documentation from the Service Provider, which showed only one-time payments. Even though the discrepancy was obvious, USAC never asked the District anything about it or even took

⁴ *See* FCC Form 471 instructions: "If you expect to pay a non-recurring charge in multiple installments over the funding year, you should either amortize this charge in Items 23A-23E or include the full amount of this charge in Items 23F-23H. DO NOT include this amount under both recurring and non-recurring charges. If you amortize this charge in items 23A-23E, you will not be eligible for discounts on the non-recurring services provided after June 30 of the funding year."

the time to point it out. These facts lead to only two possible conclusions, either the discrepancy somehow managed to elude detection or USAC noticed it, but did not consider it important enough to warrant any follow up.

The Service Provider completed some of its internal connections work before June 30, 2009, and the remainder of it before September 30, 2009. The Service Provider asked USAC to pay for the discounted portion of all of the one-time charges associated with this E-rate project, but USAC refused. USAC decided to pay the Service Provider only for the part of the project that it had managed to complete by June 30th. The reason, according to USAC, was simply this: the funding commitments were for recurring services; the service delivery deadline for recurring services was June 30, 2009; therefore, any work the Service Provider completed after that date was after the recurring services deadline.⁶

The District appealed (Exhibit B), pointing out, among other things, that the “recurring services” designation in the District’s Form 471 application was an honest mistake, the result of confusing instructions; that USAC should have discovered the mistake during the review process; that by not bringing this mistake to the District’s attention during the review process, USAC failed to follow its own procedures; that there

⁶ The actual explanations that USAC provided for rejecting the Service Provider’s invoices were far more cryptic. The following is one example: “143008534...SLD Invoice Number: 1105358; Line Item Detail Number: 3922166; Amount Requested: 7768.80; Billed Date after [06/30/2009] fund yr; mnthly cost; 76; Billed Date Outside of Funding Year; 285”.

In its Decisions on Appeal, USAC explained its invoice rejections this way: “For FRNs..., the service start date was listed as 7/1/2008 on your Form 486. Therefore, the period for which discounts currently apply is 7/1/2008 to 6/30/2009” See Exhibit A. Informal discussions with USAC staff fleshed out the rationale further.

To get to the bottom of why an invoice has been rejected, service providers and applicants are forced to ferret out this information from USAC. This is obviously not a good process. We urge the Commission to examine USAC’s procedures in this regard more closely and to instruct USAC to address the due process problems that are inherent in it.

Here, USAC’s failure to provide complete, unambiguous, and consistent rationales for its adverse invoice decisions has made it more difficult for the District to formulate a response to those decisions. We respectfully request, therefore, that the Commission take this into account when it considers this Request for Review or Waiver.

was no good legal or administrative reason for not allowing the District to correct this type of mistake at any point in the process; and that USAC's decision to pay a service provider for the portion of an internal connections project that it completes by June 30th, but not for the part completed between June 30th and September 30th, was arbitrary and capricious, outside the scope of its authority, and contrary to the Commission's rules.

USAC remained unmoved. Refusing to respond to any of the District's legitimate contentions and concerns, USAC summarily rejected the District's appeal on the grounds that the District listed the service start date for the project as July 1, 2009, which was outside the period for which discounts were available. (Exhibit A).

DISCUSSION

I. USAC's decision not to pay the Service Provider's invoices should be reversed because it was the direct result of an inadvertent application error that USAC should have given the District an opportunity to correct.

A. The Commission's Error Correction Policy Applies to the Error Here

In the *Bishop Perry Order*,⁷ the Commission instructed USAC to allow applicants to correct clerical and ministerial errors in their Form 471 applications. The Commission concluded that giving applicants an opportunity to "cure inadvertent administrative, ministerial and clerical errors on applications will improve the administration of the fund."⁸ The Commission concluded further that the denial of funding requests inflicts undue hardship on applicants whose clerical/ministerial error are procedural, rather than substantive, and where there is no evidence of waste, fraud or abuse.⁹ Furthermore, the *Order* makes it clear that, as a public policy matter, rigid adherence to application

⁷ *Request for Review of the Decision of the Universal Service Administrator by Bishop Perry Middle School, et al., Schools and Libraries Universal Service Support Mechanism*, File Nos. SLD-487170, et al., CC Docket No. 02-6, Order, 21 FCC Rcd 5316 (2006) (*Bishop Perry Order*)

⁸ *Id.* at 5327, para. 23.

⁹ *Id.* at 5321 para. 11.

procedures does not further the purpose of the E-rate program, nor serve the public interest.¹⁰

This matter turns entirely on a clerical error, one that USAC could have and should have given the District the opportunity to fix, either during the application review process, where the mistake should have been discovered or, afterwards, when it finally came to light. In Block 5 of the Form 471, USAC asks applicants about how much it estimates it is going to have to pay and how many payments it anticipates making for its discounted services. The instructions are not entirely clear-cut, and because the District misunderstood them, it wound up completing its application as if it were going to be making monthly, recurring payments for its internal connections project, which was not the case. It did this by dividing up its entire one-time payment obligation into twelve equal amounts, rather than just filling in one, total amount. Either way, though, the total amount of funding requested would have been exactly the same. This is a classic example of the type of inconsequential, clerical and/or ministerial type of mistake that the Commission has said repeatedly applicants should be permitted to correct in order to “improve the administration of the fund.”¹¹ The District’s clerical error on its Form 471 was inadvertent, certainly not unreasonable under the circumstances and was unconnected to any waste, fraud or abuse. Allowing the District to correct its clerical error will not result in the District receiving more funding than it requested. Indeed, this is funding that the District is clearly entitled to and desperately needs for educational purposes. It is evident, therefore, that the guidelines for correcting application errors that the Commission announced in its *Bishop Perry Order* apply squarely to the amortization error that the District made in Block 5 of its Form 471 application.

¹⁰ *Id.*

¹¹ See *Bishop Perry Order*, *supra.*; *Request for Review of the Decision of the Universal Service Administrator by Academy for Academic Excellence, et al., Schools and Libraries Universal Service Support Mechanism*, File Nos. SLD-539076, 539722, *et al.*, CC Docket No. 02-6, Order, 22 FCC Rcd 4747 (2007).

B. The District Should Have Been Given an Opportunity to Correct Its Error

In its training materials, USAC states that applicants may “make changes from recurring to non-recurring” in Block 5 of their funding requests if the change is supported.¹² It says that “PIA will work with applicants to make clerical error corrections until the FCDL is issued” and explains that “PIA may contact [applicants] and allow corrections if they find certain discrepancies.”¹³ USAC offers an example of the kind of discrepancy that would trigger a contact from PIA, which happens to be the very same discrepancy that showed up in the District’s application -- “Item 21 doesn’t match Block 5.”¹⁴ The District’s Item 21 payment documentation and its Block 5 obviously failed to match, as the former explicitly listed one-time charges for internal connections, whereas the latter listed monthly charges for the same project. Describing payments as recurring as opposed to non-recurring is exactly what USAC holds up in its training materials as an example of the kind of discrepancy that it will contact applicants about and work with them to correct. There was no good reason, therefore, why a USAC reviewer did not do exactly that, especially since USAC thoroughly reviewed the District’s applications not once, but twice

Obviously, USAC failed to follow its own procedures. Even though the discrepancy between the District’s Block 5 funding requests and the payment information in its Item 21 description of service was plainly evident, USAC never approached the District to inquire about it. One of USAC’s reviewers should have contacted the District as soon as he or she observed one-time charges listed in the District’s Item 21 documentation. If the reviewer had done that, the District would have confirmed that its Block 5 payment information needed to be changed, and, based on the Item 21 support for it, the reviewer would have made the change in USAC’s system.

¹² See Exhibit C, USAC PowerPoint Presentation: *Precommitment Corrections – Helping You Succeed: (Requests that Need Support)*; see also USAC News Brief dated 12/12/2008 at <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=202> (“your Program Integrity Assurance (PIA) reviewer will inform you of errors or inconsistencies identified by the online system when your application is being reviewed and allow you an opportunity to correct them.”).

¹³ USAC PowerPoint Presentation, *Id.* at pp. 9 – 10.

¹⁴ *Id.* at p. 10

Thus USAC's failure to follow its own procedures at the very beginning of the process led directly to USAC refusal to pay the Service Provider's invoices at the end of it. Although the District made the mistake in the first place, which it regrets, the fact remains that if USAC had simply followed its own Precommitment Corrections policy, the District would not have been forced to take up the Commission's valuable time with this Request for Review. Instead, the District's internal connections requests would have appeared in USAC's system as requests for discounts on "non-recurring" services, USAC's system would have generated a service delivery deadline for them of September 30, 2009, and USAC would have paid the Service Provider's invoices.

In these circumstances, it would be disingenuous for USAC to contend that the *Bishop Perry Order* does not apply. If that were the case, the District would wind up being penalized for USAC's failure to follow its own administrative procedures. The District requests, therefore, that USAC be instructed to correct the District's application and to pay the remainder of the Service Provider's invoices.

C. USAC May Not Refuse to Correct a Mistake to which *Bishop Perry* Applies Simply Because No One Discovered it Until After the Funding Commitment Issued

USAC's administrative policy is not to permit applicants to correct any mistake in an application after a funding commitment letter ("FCDL") for that application has issued.¹⁵ By refusing to allow applicants to make corrections in those circumstances, even though the corrections would otherwise be permissible under *Bishop Perry*, USAC has adopted and is applying an administrative policy that effectively narrows the Commission's holding in that case. USAC has no such power. It may not decide unilaterally to deny funding based on when a mistake has occurred, as opposed to whether the mistake is one that *Bishop Perry* covers. The former amounts to substantive rule making, and USAC has no authority to engage in that kind of activity.

¹⁵ *Id.* at p. 12

Subject to the FCC's review and approval, USAC's ministerial authority is limited to establishing administrative procedures necessary to operate the E-rate program. Furthermore, USAC must "submit to the Commission [. . .] a list summarizing all current USAC administrative procedures... " for the Commission's approval.¹⁶ To the best of our knowledge, USAC has never included this particular "procedure" on any such list. If we are incorrect, however, and the FCC has expressly authorized USAC to enforce the *Bishop Perry Order* in this fashion, then we submit that this rule should be changed, as an FCDL cut-off date for correcting application errors is unfair and purely arbitrary. For one thing, the amount of time it takes for applicants to receive their FCDLs varies widely. Consequently, under USAC's application of the *Bishop Perry Order*, some applicants may receive as little time as one month or less to uncover and correct their mistakes, whereas other applicants may receive a year or more to discover theirs.

II. USAC's decision not to pay the Service Provider's invoices should be reversed because it rests on an administrative procedure that is arbitrary and capricious.

The District cannot understand why USAC would refuse to pay invoices for internal connections delivered between June 30th and September 30th where: (a) the internal connections delivered before and after June 30th were a part of the same project and covered by the same FRNs; (b) the character of the internal connections delivered before and after June 30th never changed; (c) USAC had no legal or logical basis for assigning a service delivery deadline to the internal connections project that was the same as the one for basic, monthly recurring telephone service; and (d) it was clear from the documentation that the parties never envisioned the District making recurring payments to the Service Provider for internal connections. Perhaps USAC assumed mistakenly that there was a lease involved in the transaction, but since the one-year cost of the project was equal to its full current market value and leases are for at least two years and, most important, nothing in the documentation even suggested that there was a lease involved, it is impossible to understand why USAC would have assumed this.

¹⁶ See *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, *Fifth Report and Order*, 19 FCC Rcd 15808 at 15835, para. 80.

For argument's sake, however, let us assume that the District actually intended to lease the equipment or, perhaps, pay it off in installments. Even if that were true, there would be no legal basis or common sense rationale for giving one school or library less time than another one to complete its internal connections project simply because of the way that school or library told USAC it intended to pay for its project. An administrative procedure like that would establish two different service delivery deadlines for internal connections, even though the Commission has never established more than one (except for basic maintenance of internal connections). Yet that is precisely what USAC's rule does. It establishes two completely different delivery deadlines for the exact same kinds of service and, in the process, creates in effect a second class of internal connections to which USAC affords blatantly second-class treatment.

It is difficult to believe and, of course, we do not believe that the Commission would have instructed USAC privately to shorten, by a minimum of three months,¹⁷ the service delivery deadline for internal connections based on how an applicant says it is going to pay for them (*i.e.*, amortized installments or a one-time payment) as opposed to what that something actually is (*i.e.*, Internal Connections, Internet Access, Telecommunications or Basic Maintenance). Under USAC's two-tiered approach to internal connections funding, if a school district with a "recurring payment" request decides not to begin installing cabling and network electronics in a school building before June 30th, because, for example, it will be too disruptive or too dangerous to do so, USAC gives that school district two equally awful choices: (1) do so anyway or (2) don't do so and lose all of the E-rate funding for that project. We cannot imagine the Commission embracing a policy as draconian as that.¹⁸

¹⁷ The reduction in time is a minimum of three months because applicants who tell USAC that they intend to make one-time payments for internal connections may actually receive, with extensions of time, years to complete their projects, whereas applicants who click on the recurring payment option for exactly the same internal connections are likely to receive only months (and during the school year to boot) to complete the same project -- if they are lucky. For them, USAC has made June 30th of the original funding year a drop-dead deadline.

¹⁸ Consider this very real consequence: a school district cannot afford to start an internal connections project without an FCDL in hand. USAC does not issue an FCDL to the school district until after the funding year ends. If that school district had applied for internal connections discounts on a "recurring" payment basis, it will have no choice but to scrap the project completely, because it has already missed the June 30th service delivery deadline. If it had applied on a "non-recurring" basis, however, there would be

The unfortunate reality, therefore, is that the administrative rule upon which USAC's decision in this case rests creates two classes of eligible internal connections, one of which enjoys significantly superior funding benefits than the other because of the way payment information for that class happens to appear on a form. Naturally, how a school or library decides to pay for an internal connections project should never give that organization a substantially better or worse chance of actually getting to use its E-rate funding to support a project than a school or library that chooses a different payment option. Such a rule is blatantly unfair, inequitable and discriminatory. It also works at cross purposes to well-established Commission policies regarding the extra time that schools and libraries should be given to complete their internal connections projects. In short, we believe strongly that USAC had no authority to create a substantive rule like this one in the first place. Furthermore, because this rule cuts off funding for internal connections prematurely and on a discriminatory basis for a reason that serves no legitimate interests of the E-rate program, it is arbitrary and capricious. Therefore, the Commission should instruct USAC to stop applying it immediately.

III. Waiver of the Commission's rules is warranted in these circumstances.

If the Commission agrees with USAC that the District is not entitled to funding in these circumstances, then the District respectfully requests that the Commission waive its rules. The Commission may waive a rule where the particular facts make strict compliance inconsistent with the public interest. *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*). In deciding whether to waive a rule, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis. *WAIT Radio v. FCC*, 418 F.2d 1153, 1157, (D.C. Cir. 1969), *affirmed by WAIT Radio v. FCC*, 459 F.2d 1203 (D.C. Cir. 1972). In these circumstances and for all of the reasons discussed below, waiver is warranted, necessary, and especially appropriate.

no problem, because USAC would automatically adjust the service delivery deadline to give that applicant plenty of time to complete its project.

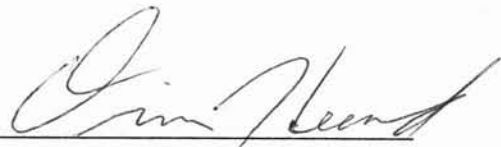
Penalizing schools and libraries financially for inadvertent procedural gaffes like the one the District made in this case is counterproductive and antithetical to the ultimate goals of the E-rate program. In the *Bishop Perry Order*, the Commission explained that the denial of funding requests inflicts undue hardship on an applicant whose clerical/ministerial error was procedural rather than substantive and where there is no evidence of waste fraud or abuse, which is exactly what the case was here.

Waiver is also warranted in these circumstances because the failure to receive the large amount of money committed to the District for this internal connections project will cause the District an inordinate amount of economic hardship. The State of Washington is experiencing a record budget shortfall this year and, because of that, many school districts throughout the state, including the District, which serves an economically disadvantaged population, are not receiving the monies they anticipated from the state. Loss of funding from the Universal Service Fund combined with decreased state funding will adversely affect the District's technology resources, and the District will be forced to make very difficult decisions as to which programs it can no longer afford to fund.

CONCLUSION

For all of the reasons set forth above, the District respectfully requests that the Commission grant its Request for Review or Waiver and remand this matter to USAC with instructions to (a) pay the Form 474 Service Provider Invoices filed in connection with FRNs 1748029, 1752278, 1748060, 1758284, 1748044, 1748084, 1747650, and 1748092; or, if the District out of necessity has already paid to the service provider the discounted amounts invoiced to USAC, reimburse the District for those amounts; and (b) if necessary, allow the District to change the entries made on its Forms 471 for monthly recurring services in the Internal Connections category to one-time charges in the same category.

Respectfully submitted
on behalf of Wahluke County School District #73,

A handwritten signature in cursive script, appearing to read "Orin Heend", written in dark ink.

Orin Heend
Funds For Learning, LLC
501 South Coltrane Road - Suite 100
Edmond, OK 73034

405-341-4140
oheend@fundsforlearning.com

Arthur de Victoria
Wahluke County School District # 73
411 E. Saddle Mt. Drive
Mattawa, WA 99349

December 18, 2009

Exhibit A

Administrator's Decision on Invoice Appeal

November 12, 2009

Verlyne Jolley
Funds for Learning
501 South Coltrane Road
Suite 100
Edmond, OK 73034

Re: Wahluke School District 73

Re: 471 Application Number: 632384
Funding Request Number(s): 1748092, 1747650
Correspondence Dated: October 30, 2009

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal. This letter explains the basis of USAC's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission (FCC). If your letter of appeal included more than one SLD Invoice Number, please note that for each invoice for which an appeal is submitted, a separate letter is sent.

Funding Request Number(s): 1748092, 1747650

Decision on Appeal: **Denied**

Explanation:

For FRNs 1748092, 1747650, the service start date was listed as 7/1/2008 on your Form 486. Therefore, the period for which discounts currently apply is 7/1/2008 to 6/30/2009.

Information provided indicated that services were delivered outside of this period. You did not demonstrate otherwise in your appeal. Consequently, USAC denies your appeal because these services were not delivered within the service delivery period under program rules.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the USAC/School and Libraries web site or by

contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

Thank you for your continued support of and participation in the E-rate program.

Schools and Libraries Division
Universal Service Administrative Company

cc: Jenny George, Ednetics, Inc.

Administrator's Decision on Invoice Appeal

November 12, 2009

Alexandra Fugairon
Funds for Learning
501 South Coltrane Road
Suite 100
Edmond, OK 73034

Re: Wahluke School District 73

Re: 471 Application Number: 632384
Funding Request Number(s): 1748029, 1752278, 1748060, 1758284, 1748044, 1748084
Correspondence Dated: September 19, 2009

After thorough review and investigation of all relevant facts, the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal. This letter explains the basis of USAC's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission (FCC). If your letter of appeal included more than one SLD Invoice Number, please note that for each invoice for which an appeal is submitted, a separate letter is sent.

Funding Request Number(s): 1748029, 1752278, 1748060, 1758284, 1748044, 1748084
Decision on Appeal: **Denied**

Explanation:

For FRNs 1748029, 1752278, 1748060, 1758284, 1748044, and 1748084, the service start date was listed as 7/1/2008 on your Form 486. Therefore, the period for which discounts currently apply is 7/1/2008 to 6/30/2009.

Information provided indicated that services were delivered outside of this period. You did not demonstrate otherwise in your appeal. Consequently, USAC denies your appeal because these services were not delivered within the service delivery period under program rules.

If you believe there is a basis for further examination of your application, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the USAC/School and Libraries web site or by

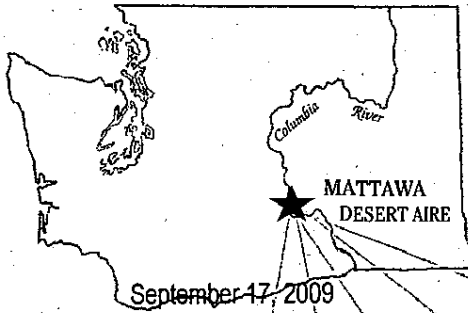
contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

Thank you for your continued support of and participation in the E-rate program.

Schools and Libraries Division
Universal Service Administrative Company

cc: Jenny George, Ednetics, Inc.

Exhibit B



WAHLUKE SCHOOL DISTRICT NO. 73

411 E. SADDLE MOUNTAIN DR

P.O. BOX 907

MATTAWA, WASHINGTON 99349

(509) 932-4565

September 17, 2009

via e-mail: appeals@sl.universalservice.org

Letter of Appeal

Schools and Libraries Division – Correspondence Unit

100 South Jefferson Road

PO Box 902

Whippany, NJ 07981

LETTER OF APPEAL PAYMENT OF NON-RECURRING SERVICE FUNDING REQUESTS

Applicant: Wahluke School District 73
Entity Number: 145532
Form 471 Application No.: 632384
Funding Year: 2008
FRN Number: 1748029, 1752278, 1748060, 1758284, 1748044, 1748084

Wahluke School District 73 ("District") hereby appeals the decision of the Schools and Libraries Division ("SLD") not to pay certain service provider invoices submitted by Ednetics, Inc. in connection with Funding Year 2008 FRNs 1748029, 1752278, 1748060, 1758284, 1748044 and 1748084.

I. THE ISSUE

The service provider delivered networking equipment to the District after June 30, 2009, but before September 30, 2009. The SLD refused to pay the service provider's invoices because, according to the cryptic denial on the SLD's rejection forms, they were for monthly recurring services, which should have been delivered by June 30, 2009.¹ Obviously, that was a mistake. It is a basic tenet of E-rate rules and regulations that "Internal Connections" are not monthly recurring services. In these circumstances, therefore, the determinative date is September 30, 2009, the service delivery deadline for Funding Year 2008 internal connections. There is no dispute that the service provider delivered all of the internal connections in issue before that date. Therefore, the invoices should have been paid.

II. FACTS

A series of three unfortunate errors, began early on in the application process, continued through review and invoice processing and lead, eventually, to this appeal. The first error belonged to the District. While completing its Form 471, the District mistakenly amortized ALL of its internal connections funding requests, instead of applying for

¹ FRN: 1748029--Invoice # 1101480 and Invoice # 1104193; FRN: 1752278--Invoice # 1101480 and Invoice # 1104193; FRN: 1748060--Invoice # 1101480 and Invoice # 1104193; FRN: 1758284--Invoice # 1105358; FRN: 1748044-- Invoice # 1112573; FRN: 1748084-- Invoice # 1121071

discounts on them as one-time charges, as it should have done. What placed the District on this first step on the path to invoice rejection was the SLD's counter-intuitive requirement that applicants apply for discounts on one-time charges for basic maintenance of internal connections on a monthly recurring basis. The District unwittingly applied this calculation paradigm to all of its other Internal Connection funding requests, which resulted in the incorrect amortization of those non-recurring charges too.

The District's clerical mistake could have been corrected quite easily during the application review process, but it managed to slip through the cracks, despite the otherwise close scrutiny that the SLD review team gave to the District's application. The second mistake, therefore, was the SLD's. In this regard, note that the District's application received both PIA and Selective reviews. During that time, the SLD requested, received and reviewed documentation to support all of the District's internal connections funding requests. Unfortunately though, no SLD reviewer ever noticed or took the time to correct what everyone realizes now was a glaring, fundamental error in the way the requests for internal connections funding appeared on the District's application. Consequently, what should have exited the SLD review process as an application full of requests for discounts on one-time charges for internal connections, instead wound up inside the system as a thoroughly reviewed and approved application for discounts on something that was theoretically impossible to fund, namely, recurring monthly service charges for the purchase of equipment.

After June 30th, but well before September 30th, the service provider delivered the following E-rate funded equipment:

FRN 1748029: Webcast Server
FRN 1752278: Control Portal Server
FRN 1748060: Mobile Encoder
FRN 1748044: Encoder
FRN 1748084: Decoder
FRN 1758284: Installation and Configuration

Afterwards, the service provider promptly invoiced the District and USAC for their respective shares of the full purchase price of the equipment and not, of course, for any monthly recurring amount.

The third and final error also belonged to the SLD. When the Ednetics invoices hit the SLD's invoice processing department, the reviewer rejected them summarily because, on their face, they appeared to be for monthly recurring charges delivered and billed after June 30, 2009.² The reason for the error is clear, but why it occurred is not. In the world of E-rate concepts, "Internal Connections" and "recurring monthly services" are like oil and water – a fact we wish had been discovered sooner. It surprises us, therefore, that an internal connections request in the form of a monthly recurring service charge did not set off alarms or prompt the reviewer to investigate at least a little bit further.

² See documents referenced in footnote one.

If it had, the District's obvious, inconsequential mistake finally would have been caught, and the invoice would have been paid.

III. DISCUSSION

THE SLD SHOULD PAY THE DISPUTED INVOICES BECAUSE IT IS CLEAR NOW THAT THERE IS NO SOUND BASIS FOR REFUSING TO DO SO, LEGAL OR OTHERWISE

A. The *Bishop Perry Order* Applies to the District's Inadvertent "Amortization" Error

In the *Bishop Perry Order*, the FCC instructed USAC to allow applicants an opportunity to correct clerical and/or ministerial errors. The Order concludes that allowing applicants an opportunity to "cure inadvertent administrative, ministerial and clerical errors on applications will improve the administration of the fund."³ Additionally, the *Bishop Perry Order* specifies that the denial of funding requests inflicts undue hardship on an applicant whose clerical/ministerial error was procedural rather than substantive and where there is no evidence of waste fraud or abuse.⁴ Furthermore, the Order clearly asserts that rigid adherence to application procedures does not further the purpose of the E-rate program, nor serve the public interest.⁵ The clerical errors committed by the District on its Form 471 were inadvertent, not unreasonable and, most certainly, do not constitute waste, fraud or abuse. Moreover, the clerical errors do not result in the District receiving more funding than it requested, an amount it clearly is entitled to and desperately needs for educational purposes.

B. The SLD Should Have Given the District an Opportunity to Correct Its Application Error

In the *Bishop Perry Order*, the FCC instructs USAC to develop outreach programs and improve educational efforts. USAC crystallized this objective in a later USAC News Brief indicating that "your Program Integrity Assurance (PIA) reviewer will inform you of errors or inconsistencies identified by the online system when your application is being reviewed and allow you an opportunity to correct them."⁶ In this case, the District underwent two layers of SLD administrative review, both in a Selective Review and subsequently in PIA. The District complied with all requests and submitted all the necessary documentation, which included complete quotes for FRNs 1748029, 1752278, 1748060, 1758284, 1748044 and 1748084. The quotes clearly indicated that the requests were for non-recurring services.

³ See *Bishop Perry Order*, CC Docket No. 02-6, 21 FCC Rcd 5316, 5327 para. 23.

⁴ See *Id.* at 5321 para. 11.

⁵ See *Id.* at 5321 para. 11.

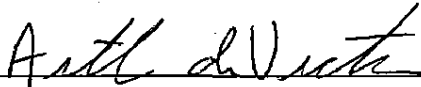
⁶ See USAC News Brief dated 12/12/2008 at <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=202>

In neither Selective Review nor PIA, did either reviewer inform the District of the clerical errors on the Form 471, thereby denying the District an opportunity to correct what were obvious mistakes, mistakes caused by confusion over one of the more complicated aspects of the application process. Because of the reviewers' failure to identify the errors, the SLD refused to pay Ednetics' invoices. Under the circumstances, that result is clearly unfair and directly at odds with the *Bishop Perry Order*. IF the SLD had discovered the error during the review process, which it should have, it would have given the District an opportunity at that time to correct it. Unfortunately, that never happened, so now is the time to do so. To hold otherwise would result in exactly the kind of financial and educational hardship that *Bishop Perry* was designed to prevent. Accordingly, the SLD should give the District the opportunity now to correct its application and, consistent with those corrections, pay all of the service provider invoices in issue.

IV. ADMINISTRATIVE ACTION REQUESTED

The District respectfully requests that the SLD (a) reverse the decision it made not to pay the service provider invoices filed in connection with FRNs 1748029, 1752278, 1748060, 1758284, 1748044, and 1748084; (b) allow the District to change the entries it made on its Form 471 for monthly recurring services in the Internal Connections category to one-time charges in the same category; and (c) pay the service provider invoices referenced above.

Respectfully submitted,



Arthur de Victoria
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E-mail: arthur@wsd73.wednet.edu

October 29, 2009

via e-mail: appeals@sl.universalservice.org

Letter of Appeal

Schools and Libraries Division – Correspondence Unit

100 South Jefferson Road

PO Box 902

Whippany, NJ 07981

**LETTER OF APPEAL
PAYMENT OF NON-RECURRING SERVICE FUNDING REQUESTS**

Applicant:	Wahluke School District 73
Entity Number:	145532
Form 471 Application No.:	632384
Funding Year:	2008
FRN Number:	1747650, 1758284, 1748092

Wahluke School District 73 ("District") hereby appeals the decision of the Schools and Libraries Division of the Universal Services Administrative Company ("USAC") not to pay certain service provider invoices submitted by Ednetics, Inc. ("service provider") in connection with Funding Year 2008 FRNs 1747650, 1758284 and 1748092.¹

I. THE ISSUE

The District's service provider delivered, installed and configured eligible networking equipment after June 30, 2009, but before September 30, 2009. USAC refused to pay the service provider's invoices² because, according to the cryptic denial on USAC's rejection forms, they were for monthly recurring services, which should have been delivered by June 30, 2009. Obviously, that was a mistake. It is a basic tenet of E-rate rules and regulations that "Internal Connections" are not monthly recurring services. In these circumstances, therefore, the determinative date is September 30, 2009, the service delivery deadline for Funding Year 2008 internal connections. There is no dispute that the service provider delivered all of the internal connections in issue before that date. Therefore, the invoices should have been paid.

¹ Please note that the District filed an appeal on September 18, 2009 for the same reason, but in connection with different invoices from the same service provider. (FRNs: 1748029, 17452278, 1748060, 1758284, 1748044, 1748084)

² FRN: 1747650--Invoice # 1123099; FRN: 1758284--Invoice # 1123099; FRN: 1748092--Invoice # 1123099

II. FACTS

A series of three unfortunate errors began early on in the application process, continued through review and invoice processing and lead, eventually, to this appeal. The first error belonged to the District. While completing its Form 471, the District mistakenly amortized ALL of its internal connections funding requests, instead of applying for discounts on them as one-time charges, as it should have done. USAC's counter-intuitive requirement that applicants apply for discounts on one-time charges for basic maintenance of internal connections on a monthly recurring basis placed the District on this first step on the path to invoice rejection. The District unwittingly applied this calculation paradigm to all of its other Internal Connection funding requests, which resulted in the incorrect amortization of those non-recurring charges too.

Ever since the FCC issued its *Bishop Perry Order*, USAC's policy has been to ferret out and correct clerical-type mistakes made during the application review process, but somehow USAC allowed this particular mistake to slip through the cracks. This was not only an easy mistake to spot, it was exactly the kind of error ("recurring to non-recurring") that USAC, in its training materials, says it looks for and will correct. The second mistake, therefore, was USAC's.

USAC requested, received and reviewed documentation to support all of the District's internal connections funding requests. Unfortunately though, USAC's reviewer never noticed or took the time to correct what everyone realizes now was a glaring, fundamental error in the way the District's requests for internal connections funding appeared on its application. Consequently, what should have exited USAC review process as an application full of requests for discounts on one-time charges for internal connections, instead wound up inside the system as a thoroughly reviewed and approved, yet still substantially flawed, application. What remained in that application was a minor clerical error that USAC staff knew or should have known could and likely would reduce the amount of funding available to the District down the road. This was exactly the kind of easy-to-make mistake that USAC should have been on the lookout for, should have caught, and should have brought to the District's attention in a timely manner. By failing to do so, USAC violated its own administrative procedures.

The service provider began providing Internal Connections services to the District before June 30th, invoiced USAC for those services, and received payment for them. The service provider continued to provide and bill for the same services under the same FRNs (1748029, 1758284, and 1747650) between June 30th and September 30th, the three-month service delivery extension period for Internal Connections. When the service provider's invoices hit USAC's invoice processing department, however, USAC rejected them summarily. That was because they appeared to the reviewer, based on the District's application, as opposed to the facts, to be for monthly recurring charges delivered and billed after June 30, 2009. The most cursory of investigations would have proved conclusively,

however, that there was nothing at all “recurring” or even recurring-related about the services or the billing. Thus the third and final error also belonged to USAC. The reason for it is clear, but why it occurred is not.

Since making the mistake of filling out Block 5 of its Form 471 as if the District were going to pay for its Internal Connections project on a monthly, recurring basis, the District has learned that, so far as E-rate concepts go, “Internal Connections” and “recurring monthly services” are like oil and water. It surprises us, therefore, that an internal connections request in the form of a monthly recurring service charge did not set off alarms or at least prompt USAC’s application review specialists to investigate at least a little bit further. That would have taken a negligible amount of time and minimal amount of work. Even a token effort would have yielded good results. The District’s obvious, inconsequential mistake would have been caught, the invoices would have been paid, and we would not have to be taking up USAC’s valuable administrative time with this appeal.

III. DISCUSSION

USAC SHOULD PAY THE DISPUTED INVOICES BECAUSE IT IS CLEAR NOW THAT THERE IS NO SOUND BASIS FOR REFUSING TO DO SO, LEGAL OR OTHERWISE

A. The *Bishop Perry Order* Applies to the District’s Inadvertent “Amortization” Error

In the *Bishop Perry Order*, the FCC instructed USAC to allow applicants an opportunity to correct clerical and/or ministerial errors. The Order concludes that allowing applicants an opportunity to “cure inadvertent administrative, ministerial and clerical errors on applications will improve the administration of the fund.”³ Additionally, the *Bishop Perry Order* specifies that the denial of funding requests inflicts undue hardship on an applicant whose clerical/ministerial error was procedural rather than substantive and where there is no evidence of waste fraud or abuse.⁴ Furthermore, the Order clearly asserts that rigid adherence to application procedures does not further the purpose of the E-rate program, nor serve the public interest.⁵ The clerical errors committed by the District on its Form 471 were inadvertent, not unreasonable and, most certainly, do not constitute waste, fraud or abuse. Moreover, the clerical errors do not result in the District receiving more funding than it requested, an amount it is clearly entitled to and desperately needs for educational purposes. Thus *Bishop Perry* applies to the District’s amortization error on its Form 471.

³ See *Bishop Perry Order*, CC Docket No. 02-6, 21 FCC Rcd 5316, 5327 para. 23.

⁴ See *Id.* at 5321 para. 11.

⁵ See *Id.* at 5321 para. 11.

B. USAC Should Have Given the District an Opportunity to Correct Its Application Error

In the *Bishop Perry Order*, the FCC instructed USAC not only to enable applicants to make changes in their E-rate applications, but also to develop outreach programs and to improve its educational efforts. Accordingly, USAC points out in its training materials for the 2010 Funding Year, for example, that it works with applicants to root out and correct application errors. See Exhibit 1, USAC PowerPoint Presentation: *Precommitment Corrections – Helping You Succeed: (Requests that Need Support)*. There, USAC explains that applicants are free to make a wide variety of changes to its FCC Form 471, Block 5 funding requests, including “changes from recurring to non-recurring” (emphasis added), if the change is “supported” and requested before USAC issues a funding commitment for that request. According to USAC, “PIA will work with applicants to make clerical error corrections until the FCDL is issued.” (emphasis added) and “PIA may contact you and allow corrections if they find certain discrepancies.” (See *USAC Presentation* at pp. 9 – 10).

To illustrate the kind of discrepancy that would trigger such a PIA contact, USAC used this example: “Item 21 doesn’t match Block 5.” (USAC Presentation at p. 10). Here, the District’s Item 21 clearly did not match its Block 5, as the former explicitly listed one-time charges for Internal Connections while its Block 5 listed monthly charges for exactly the same services. See Exhibit 2. That was clearly a discrepancy that USAC’s review staff should have found, and it should have prompted someone on USAC’s review staff to contact the District concerning it.

Note that the District answered all of USAC’s questions and submitted all of the necessary documentation, which included complete quotes for FRNs 1747650, 1758284 and 1748092. The quotes clearly indicated that the requests were for non-recurring services. Nevertheless, during the PIA process, the reviewer did not inform the District of the clerical errors on its Form 471, thereby denying the District any opportunity to correct what were obvious mistakes, mistakes caused by confusion over one of the more complicated aspects of the application process.

The failure of USAC reviewers to identify the errors ultimately led USAC to refuse to pay the service provider’s invoices. Under the circumstances, that result is clearly unfair and directly at odds with the *Bishop Perry Order* and USAC’s own Precommitment Corrections policy. If USAC had discovered the error during the review process, which it should have, it would have given the District an opportunity at that time to correct it. Unfortunately, that never occurred, so now is the time to do so. To hold otherwise would result in exactly the kind of financial and educational hardship that *Bishop Perry* was designed to prevent. Accordingly, USAC should give the District the opportunity now to correct its application and, consistent with those corrections, pay all of the service provider invoices in issue.

C. USAC's Decision Not to Pay Rests on an Administrative Rule that is Arbitrary and Capricious

The District cannot comprehend why USAC would refuse to pay the remaining invoices for these FRNs, particularly because (a) the invoices prior to June 30 were paid; (b) nothing in the character of the Internal Connections changed after June 30th; (c) there is no legal or logical basis for treating Internal Connections like basic telephone service for service delivery deadline purposes; and (d) the documentation presented to USAC overwhelmingly showed that, in spite of its minor clerical mistake, the District had no intention of paying for the Internal Connections on a recurring basis. The only possible conclusion that can be drawn from all of this is that USAC may have assumed mistakenly that these FRNs were for equipment that the District intended to lease, but since the one-year cost was equal to the full current market value of the goods, equipment leases are for at least two years, and, most important, nothing in the documentation even suggested that there was a lease involved, it is impossible to understand why USAC would have assumed this.

For argument's sake, however, let's assume that the District actually intended to lease the equipment or, perhaps, pay it off in installments. Even if that were true, what logical basis could there possibly be for giving one school or library less time than another one to complete its Internal Connections project simply because of the way that school or library told USAC it intended to pay for its project? That makes no sense. Yet that is exactly what USAC's rule does. The administrative rule upon which this decision rests creates two classes of eligible Internal Connections, one of which enjoys significantly superior funding benefits than the other, simply because of how related payment information appears on a form. Such a rule is blatantly unfair, inequitable and discriminatory. It also works at cross purposes to well-established FCC policies regarding the amount of time that schools and libraries should be given to complete their Internal Connections projects. In short, we believe strongly that USAC had no authority to create a substantive rule like this one in the first place. Furthermore, because this rule cuts off funding for Internal Connections prematurely and on a discriminatory basis for a reason that serves no legitimate interests of the E-rate program, it is arbitrary and capricious and, therefore, unenforceable.⁶ Accordingly, we respectfully request that USAC eliminate it immediately.

D. In Cases Like This One, Where the *Bishop Perry Order* applies, USAC May Not Refuse to Apply it Simply Because the Mistake was Discovered Post-FCDL

USAC's administrative policy is not to permit applicants to correct any mistake in an application after an FCDL for that application has issued. By refusing wholesale not to allow applicants to make corrections in

⁶ Note that if USAC issues an FCDL for so-called "recurring" Internal Connections after the funding year ends, and if the applicant did not start the project before the year ended, because it could not afford to do so without the support of E-rate funds, then that applicant has no choice but to scrap it completely. Also note that applicants who tell USAC that they will make one-time payments for Internal Connections may receive, with extensions of time, years to complete their projects, while applicants who click on the recurring payment option for exactly the same Internal Connections are likely to receive only months (during the school year) to do the same -- if they are lucky.

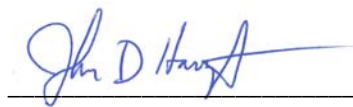
those circumstances, even though the corrections would otherwise be permissible under *Bishop Perry*, USAC, by administrative fiat, has effectively narrowed the FCC's holding in that case, which, of course, it has no authority to do. USAC may not decide unilaterally to deny funding based on when a mistake has occurred, as opposed to whether the mistake is one that *Bishop Perry* covers. That is substantive rule making, and USAC has no authority to engage in that kind of activity.

Subject to the FCC's review and approval, USAC's ministerial authority is limited to establishing administrative procedures necessary to operate the program. Furthermore, USAC must "submit to the Commission [. . .] a list summarizing all current USAC administrative procedures... " for the Commission's approval.⁸ To the best of our knowledge, USAC has never included this particular "procedure" on any such list. If we are incorrect, however, and the FCC has expressly authorized USAC to enforce the *Bishop Perry Order* in this fashion, then we submit that this rule should be changed, as the FCDL cut-off date is unfair and purely arbitrary. For one thing, the amount of time it takes for applicants to receive their FCDLs varies widely. Consequently, under USAC's application of *Bishop Perry*, some applicants may receive as little time as a month or less to find and correct their mistakes, whereas other applicants may receive a year or more to discover theirs.

IV. ADMINISTRATIVE ACTION REQUESTED

The District respectfully requests that USAC (a) reverse the decision it made not to pay the service provider invoices filed in connection with FRNs 1747650, 1758284 and 1748092; (b) allow the District to change the entries it made on its Form 471 for monthly recurring services in the Internal Connections category to one-time charges in the same category; and (c) pay the service provider invoices referenced above.

Respectfully submitted,



John Harrington, CEO
Funds For Learning

Filed on Behalf of:
Wahluke County School District # 73
411 E. Saddle Mt. Drive
Mattawa, WA 99349

⁸ See Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Fifth Report and Order, 19 FCC Rcd 15808, 15835, para. 80.

Exhibit 1

Precommitment Corrections

Helping You Succeed

Schools and Libraries Division

Washington, DC • Newark • Atlanta • Chicago • Orlando • Los Angeles • Portland • Houston

September/October 2009

Requests that Need Support

- Changes to Block 4
 - Adding entities, removing entities, changing discounts, etc.

- Contract Dates
 - Contract Award Date, Signature Date, Contract Expiration Date, etc.

Requests that Need Support

- Competitive Bidding
 - RFP Posting Dates, Bid Evaluation documents, Contract Signatures/Dates, etc.

- Changes to Block 5
 - Request to increase dollars, request to change number of months of service, changes from recurring to non-recurring, changes from contract to Tariff or MTM, etc.

Exhibit 2

At&t

SPIN Number 143001192

FRN

1747496 Long distance Service per month wo/tax

\$470.97

Tax

\$38.62

Total for Vendor
Per Month

\$509.59

Total for Vendor
Annually

\$6,115.07

Signed page N/A

Copy of Bill Yes

Ednetics

Spin Number 143008534

	Unified Communications Upgrade w/tax	Total Eligible Project	\$127,529.71
1747545	Unified Communications Manager		\$43,082.09
1747562	Voice Mail		\$29,109.26
1747578	Primary Gateways		\$11,806.48
1747597	Building Gateways		\$10,309.47
1747625	Emergency Responder (E911)		\$5,168.41
	Informacast		\$5,778.05 Not Eligible
1747650	Services		\$28,054.00
	Ineligible Services		\$3,237.00 Not Eligible
	Phone Handsets		\$58,719.09 Not Eligible
	W/Tax		\$195,263.85
	Signed page Yes		

Block 5 for FRN 1747650

23k. Funding Commitment Request (23i x 23j): \$9,278.60

FRN: 1747625 FCDL Date: 01/05/2009

10. Original FRN:

11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-011408-2
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 2 PG 4	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$430.71	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$430.71	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$5,168.52	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$5,168.52	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$4,651.67	

FRN: 1747650 FCDL Date: 01/05/2009

10. Original FRN:

11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-011408-2
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 2 PG 5	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$2,337.84	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$2,337.84	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$28,054.08	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$28,054.08	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$25,248.67	

FRN: 1747685 FCDL Date: 01/05/2009

10. Original FRN:

11. Category of Service: Basic Maintenance of Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-012408-1
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	

Item 21 for FRN 1748092

Software Licensing / Server		Total Eligible Project	
1747981	Exchange Front End Server		\$23,872.88
1747994	Licensing		\$4,007.41
1748005	Server Display		\$15,401.65
	W/Tax		\$4,463.82
	Signed Page Yes		\$23,872.88
Video Distribution		Total Eligible Project	\$341,490.55
1748029	Webcast Server		\$19,848.64
	Webcast Server Ineligible		\$1,725.97 Not Eligible
1752278	Control Portal Server		\$13,482.11
	Scheduling Server		\$10,784.61 Not Eligible
1748044	Encoders		\$135,878.47
1748060	Mobile Encoder		\$11,780.07
	Mobile Encoder Ineligible		\$78.14 Not Eligible
1748084	Decoders		\$122,196.75
1748092	Eligible Installation		\$36,162.69
	Ineligible Installation		\$2,141.82 Not Eligible
	W/Tax		\$354,079.27
	Signed Page Yes		
	Not Eligible		\$102,323.94
	Total for Vendor		\$1,592,067.63

Block 5 for FRN 1748092

23k. Funding Commitment Request (23i x 23j): \$10,602.14

FRN: 1748084 FCDL Date: 01/05/2009

10. Original FRN:

11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-121207-3
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 6 PG 5	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$10,183.07	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$10,183.07	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$122,196.84	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$122,196.84	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$109,977.16	

FRN: 1748092 FCDL Date: 01/05/2009

10. Original FRN:

11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-121207-3
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 6 PG 5	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$3,013.56	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$3,013.56	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$36,162.72	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$36,162.72	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$32,546.45	

FRN: 1748158 FCDL Date: 01/05/2009

10. Original FRN:

11. Category of Service: Telecommunications Service	12. 470 Application Number: 543170000638245
13. SPIN: 143019614	14. Service Provider Name: Embarq Corporation
15a. Non-Contracted tariffed/Month to Month Service: Y	15b. Contract Number: MTM
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date:
19a. Service Start Date: 07/01/2008	19b. Service End Date: 06/30/2009
20. Contract Expiration Date:	

Ednetics	Wireless Upgrades	Total Eligible Project	\$100,374.20
	WIRELESS CONTROLLER		\$29,529.03
	WIRELESS CONTROLL SYSTEM		\$12,321.17 Not Eligible
	ADDITIONAL ACCESS POINTS		\$20,757.67
	OUTDOOR ACCESS POINTS		\$19,605.75
FRN 1758284	SERVICES		\$30,481.75
	W/Tax		\$112,695.37

Embarq	SPIN Number 143019614		
	Local Service wo/tax		\$710.83
	DID		\$171.60
	PRI / Circuit		\$946.00
	PRI / SLC		\$46.00
	Tax		\$153.70
1748158	Total for Vendor Per Month		\$2,028.13
	Total for Vendor Annually		\$24,337.60

Signed page N/A

Copy of Bill Yes

Block 5 for FRN 1758284

23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$29,529.12	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$26,576.21	

FRN: 1758221 FCDL Date: 01/05/2009

10. Original FRN:	
11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-011408-03
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 17 PG 4	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$1,729.81	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$1,729.81	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$20,757.72	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$20,757.72	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$18,681.95	

FRN: 1758247 FCDL Date: 01/05/2009

10. Original FRN:	
11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-oo1408-3
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:
17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 17 PG 4	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$1,633.82	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$1,633.82	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$19,605.84	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$19,605.84	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$17,645.26	

FRN: 1758284 FCDL Date: 01/05/2009

10. Original FRN:	
11. Category of Service: Internal Connections	12. 470 Application Number: 543170000638245
13. SPIN: 143008534	14. Service Provider Name: Ednetics, Inc.
15a. Non-Contracted tariffed/Month to Month Service:	15b. Contract Number: WA73-011408-3
15c. Covered under State Master Contract:	15d. FRN from Previous Year:
16a. Billing Account Number: 5099324565	16b. Multiple Billing Account Numbers?:

17. Allowable Contract Date: 12/12/2007	18. Contract Award Date: 02/04/2008
19a. Service Start Date: 07/01/2008	19b. Service End Date:
20. Contract Expiration Date: 09/30/2011	
21. Attachment #: 17 PG 4	22. Block 4 Worksheet No.: 1015063
23a. Monthly Charges: \$2,540.15	23b. Ineligible monthly amt.: \$.00
23c. Eligible monthly amt.: \$2,540.15	23d. Number of months of service: 12
23e. Annual pre-discount amount for eligible recurring charges (23c x 23d): \$30,481.80	
23f. Annual non-recurring (one-time) charges: 0	23g. Ineligible non-recurring amt.: 0
23h. Annual pre-discount amount for eligible non-recurring charges (23f - 23g): \$0.00	
23i. Total program year pre-discount amount (23e + 23h): \$30,481.80	
23j. % discount (from Block 4): 90	
23k. Funding Commitment Request (23i x 23j): \$27,433.62	

Block 6: Certifications and Signature

Application ID:632384

Do not write in this area.

Entity Number	145532	Applicant's Form Identifier	471-A
Contact Person	Arthur de Victoria	Phone Number	509-932-4565

Block 6: Certifications and Signature

24. ☒ I certify that the entities listed in Block 4 of this application are eligible for support because they are: (check one or both)
- a. ☒ schools under the statutory definitions of elementary and secondary schools found in the **No Child Left Behind Act of 2001, 20 U.S.C. Secs. 7801(18) and (38)**, that do not operate as for-profit businesses, and do not have endowments exceeding \$50 million; and/or
- b. ☐ libraries or library consortia eligible for assistance from a State library administrative agency under the Library Services and Technology Act of 1996 that do not operate as for-profit businesses and whose budgets are completely separate from any schools including, but not limited to elementary, secondary schools, colleges, or universities
25. ☒ I certify that the entity I represent or the entities listed on this application have secured access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity, necessary to use the services purchased effectively. I recognize that some of the aforementioned resources are not eligible for support. I certify that the entities I represent or the entities listed in this application have secured access to all of the resources to pay the discounted charges for eligible services from funds to which access has been secured in the current funding year. I certify that the Billed Entity will pay the non-discount portion of the cost of the goods and services to the service provider(s).

a.	Total funding year pre-discount amount on this Form 471 (Add the entities from Item 23i on all Block 5 Discount Funding Requests.)	\$1,917,253.92
b.	Total funding commitment request amount on this Form 471 (Add the entities from Items 23K on all Block 5 Discount Funding Requests.)	\$1,725,528.52
c.	Total applicant non-discount share (Subtract Item 25b from Item 25a.)	\$191,725.40
d.	Total budgeted amount allocated to resources not eligible for E-rate support	\$115,000.00
e.	Total amount necessary for the applicant to pay the non-discount share of the services requested on this application AND to secure access to the resources necessary to make effective use of the discounts. (Add Items 25c and 25d.)	\$306,725.40

Exhibit C

Precommitment Corrections

Helping You Succeed

Schools and Libraries Division

Washington, DC • Newark • Atlanta • Chicago • Orlando • Los Angeles • Portland • Houston

September/October 2009

Requests that Need Support

- Changes to Block 4
 - Adding entities, removing entities, changing discounts, etc.

- Contract Dates
 - Contract Award Date, Signature Date, Contract Expiration Date, etc.

Requests that Need Support

- Competitive Bidding
 - RFP Posting Dates, Bid Evaluation documents, Contract Signatures/Dates, etc.
- Changes to Block 5
 - Request to increase dollars, request to change number of months of service, changes from recurring to non-recurring, changes from contract to Tariff or MTM, etc.